

How to Request a CRD Report

To obtain a CRD report, **call the Montana Securities Department at 1-800-332-6148.** As a matter of practice, *stockbrokers and brokerage firms are not advised of your request.*

You also may contact the National Association of Securities Dealers Regulation (NASDR) at 1-800-289-9999 or visit its Web site at www.nasdr.com. However, the NASDR does not report certain types of information that may be available through the Montana Securities Department.

This information is easy to obtain and Montana securities regulators want you to make informed decisions prior to investing your hard-earned dollars. The vast majority of stockbrokers and brokerage firms are honest and reputable. However, as in many professions, there are individuals and firms who are not. A phone call to the Montana Securities Department may save you from sending your money to a bad broker or disreputable brokerage firm.

In addition, it is important to learn if the salesperson and firm you are thinking of investing with are properly licensed by the Montana Securities Department to sell securities in Montana.

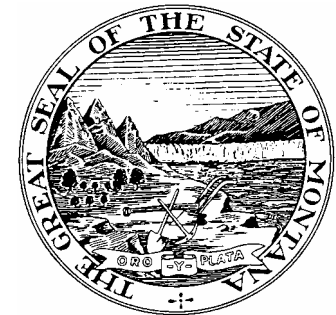


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How to Check Out Your Stockbroker or Brokerage Firm



John Morrison
♦ Montana State Auditor ♦
♦ Securities Commissioner ♦

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How to Check Out Your Stockbroker or Brokerage Firm

Where do you turn if you want to check on your present or future stockbroker? If you plan to entrust your money with an individual or securities firm, it is worth your while to do a background check. It may save you money and future aggravation.

Central Registration Depository System

The Central Registration Depository system ("CRD") is a source you can turn to for this kind of information. The CRD is a computerized database that holds licensing and registration information on more than 600,000 stockbrokers (also called registered representatives) and more than 6,000 brokerage firms throughout the country. Every state securities regulator can access the CRD database.



In most cases, a stockbroker or any person who sells securities (for example, stocks, bonds, mutual funds, etc.) must be licensed or registered to do so. Therefore, these individuals' records will be maintained on the CRD. You may ask brokers or salespeople for their CRD numbers.

The CRD contains information regarding your stockbroker's past, including:

- Employment history for the past 10 years;
 - Securities examination scores;
 - Licensing or registration status; and
 - Disciplinary history.
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Information Available

As an investor, *you can request a public report of background information on any stockbroker or brokerage firm. This report can be obtained free from the Montana Securities Department in the State Auditor's Office.* (It will be helpful for you to have the full name of the broker or his or her CRD number.) In addition to employment and examination history, the CRD report will contain the following types of disciplinary history, if applicable:

- Final disciplinary actions (relating to securities or commodities businesses) that have been taken by federal, state and foreign securities regulators, as well as self-regulatory organizations such as the National Association of Securities Dealers Regulation.
- Civil judgments and arbitration decisions in securities and commodities disputes involving consumers.

- Criminal convictions or indictments against registered or licensed brokerage firms and associated persons.
- Settlements of \$10,000 or more among parties to arbitrations, civil suits, and customer complaints involving securities or commodities transactions.
- Employment terminations resulting from allegations of unethical securities practices including fraud, theft, misrepresentation and excessive trading.
- Bankruptcies filed within the last 10 years and outstanding liens and judgments.
- Pending disciplinary actions taken by industry regulators that relate to securities or commodities business.
- Pending arbitrations and civil proceedings involving securities or commodities transactions.
- Pending written complaints alleging sales practice violations and compensatory damages of \$5,000 or more.

